

**08 C 862**

**JUDGE KENNELLY  
MAGISTRATE JUDGE BROWN**

# **EXHIBIT A**

**Part 3 of 14**

property of any Plan insured under this Additional Coverage.

- (c) If any Plan is insured jointly with any other entity, you or the Plan Administrator must select a Limit of Insurance that is sufficient to provide an amount of insurance for each Plan that is at least equal to that required if each Plan were separately insured.
- (d) If the first named Insured in the Declarations is an entity other than a Plan, any payment we make to that insured for loss sustained by any Plan will be held by that Insured for the use and benefit of the Plan(s) sustaining the loss.
- (e) If two or more Plans are insured under this Additional Coverage, any payment we make for one loss:
  - i. Sustained by two or more Plans, or
  - ii. Of commingled funds or other property of two or more Plans,
 is to be shared by each Plan sustaining loss in the same proportion that ERISA requires for the total amount of insurance for each such Plan when the payment would not fully reimburse each such Plan for its loss.
- (f) The deductible provision does not apply to loss sustained by any Plan subject to ERISA which is insured under this Additional Coverage.
- (3) The following exclusions apply to this Additional Coverage:
  - (a) SECTION I. C. 1. c. Government Action,
  - (b) SECTION I. C. 1. d. Nuclear Hazard, and

(c) SECTION I. C. 1. f. War and Military Action.

(d) We will not pay for loss or damage:

- i. Resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with any other person;
- ii. The only proof of the existence of loss or amount of loss is an inventory computation or a profit and loss computation; or
- iii. Resulting, directly or indirectly, from contractual or extracontractual liability sustained by you in connection with the issuance of contracts of insurance, indemnity, or suretyship.

No other exclusions in SECTION I. C. apply to this Additional Coverage.

(4) The most we will pay for loss is \$25,000 or the Limit of Insurance shown in the Property Coverage Part Declarations for Employee Dishonesty, whichever is greater.

All loss caused by one or more persons, or involving a single act or series of related acts, is considered one loss.

(5) The following additional conditions apply:

(a) Cancellation Upon Discovery. This Additional Coverage does not apply to any employee immediately upon discovery by:

i. You, or

ii. Any of your partners, officers, or directors not in collusion with the employee.

(b) Discovery of Loss or Damage. We will pay only for covered loss or damage discovered no later than one year from the end of the policy period.

(c) Loss or Damage Sustained During Prior Insurance. If you or any predecessor in interest sustained loss or damage during the period of any prior insurance that you or the predecessor in interest could have recovered under that insurance except that the time within which to report such loss or damage had expired, we will pay for it under this Additional Coverage, provided:

i. This Additional Coverage became effective at the time of cancellation or termination of the prior insurance, and

ii. The prior insurance would have been in effect when the acts or events causing the loss or damage were committed.

The Additional Coverage under this Condition is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:

i. This Additional Coverage as of its effective date, or

ii. The prior insurance had it remained in effect.

#### t. Fine Arts

(1) We will pay for direct physical loss to Covered Property caused by or resulting from a Covered Cause of Loss as described in this Additional Coverage.

Under this Additional Coverage Covered Property means fine arts:

(a) Which are owned by you; or

(b) Similar property of others that is in your care, custody, or control;

while on exhibition or otherwise, anywhere in the United States or Canada, and for which a limit of insurance is shown in the Property Coverage Part Declarations.

This Additional Coverage does not apply to fine arts that are "stock."

(2) The following exclusions apply to this Additional Coverage:

(a) We will not pay for loss caused by or resulting from dampness or dryness of atmosphere, or changes in or extremes of temperature;

(b) We will not pay for loss caused by or resulting from wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration, insects, birds, rodents or other animals;

(c) We will not pay for loss caused by or resulting from any repairing, restoration or retouching process;

(d) SECTION I. C. 1. c. Government Action;

(e) SECTION I. C. 1. d. Nuclear Hazard;

(f) SECTION I. C. 1. f. War and Military Action;

(g) SECTION I. C. 2. d. Disappearance of Property;

(h) SECTION I. C. 2. e. Dishonesty;

(i) SECTION I. C. 2. h. False Pretense;

(j) SECTION I. C. 4. a. Acts or Decisions; and

(k) SECTION I. C. 4. b. Negligent Work.

No other exclusions in SECTION I. C. Exclusions apply to this Additional Coverage.

(3) The most we will pay under this Additional Coverage is \$25,000 for Fine Arts.

**u. Loss Data Preparation Costs.**

We will pay the reasonable costs you incur in collecting and preparing loss data required by policy conditions applicable to this Coverage Part or requested by us. This includes the cost of taking inventory, getting appraisals, and preparing other data in order to determine the extent of the loss.

This coverage does not apply to costs incurred under the Appraisal provision of this Coverage Part.

The most we will pay for this Additional Coverage is \$10,000 for Loss Data Preparation Costs.

**v. Sewer or Drain Backup.**

We will pay for direct physical loss to Covered Property at the premises described in the Schedule of Premises if the loss is caused by water that:

- (1) Backs up through sewers or drains, or
- (2) Enters into and overflows from within:

- (a) A sump pump,
- (b) A sump pump well, or
- (c) Any other system,

designed to remove subsurface water from the foundation area.

The most we will pay for this Additional Coverage is \$25,000 or the Limit of Insurance shown in the Property Coverage Part Declarations for Sewer or Drain Back-up, whichever is greater.

**B. Covered Causes Of Loss.**

- (1) Risks of direct physical loss unless the loss to Covered Property is excluded in this Coverage Part; and
- (2) Risks of direct loss caused by employee dishonesty to Business Personal Property, "money", "securities" and insured ERISA Plans named in the Property Coverage Part Declarations, unless the loss is excluded under SECTION I.A. 4.s.

**C. Exclusions.**

- 1. We will not pay for loss to Covered Property caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. Unless otherwise stated, the following exclusions apply to all SECTION I - Coverages.

**a. Water.**

- (1) Flood, surface water, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not.

If electrical "covered equipment" requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible.

- (2) Mudslide or mudflow;

- (3) Water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not;
- (c) Doors, windows or other openings.

But if Water, as described in SECTION I. C. 1. a. (1) through a. (3) above, results in fire, explosion or sprinkler leakage, we will pay for the loss caused by that fire, explosion or sprinkler leakage.

If loss is caused by or results from water that is not excluded above or elsewhere in this Property Coverage Part, we will pay the cost to tear out and replace any part of the building or structure in order to repair damage to the system or appliance from which the water or other substance escapes.

We will not pay the cost to repair any defect that caused the loss, but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage results in discharge of any substance from an automatic fire protection system and is directly caused by freezing.

#### **b. Earth Movement.**

- (1) Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence, or earth sinking, rising, or shifting. But if earth movement results in fire or explosion, we will pay for the loss caused by that fire or explosion.

- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss caused by that fire, building glass breakage or volcanic action.

- c. Government Action.** Seizure or destruction of property by order of governmental authority. But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread.

- d. Nuclear Hazard.** Nuclear reaction or radiation or radioactive contamination, however caused. But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss caused by that fire.

- e. Power Failure.** The failure of power or other utility service supplied to the premises described in the Schedule of Premises, however caused, if the failure does not take place on the described premises. But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss caused by that Covered Cause of Loss.

#### **f. War and Military Action.**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government,

sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
2. We will not pay for loss caused by or resulting from any of the following. Unless otherwise stated, the following applies to all SECTION I - Coverages.
    - a. **Breakage of Fragile Articles** such as glassware, statuary, marble, chinaware and porcelain unless caused by the "specified causes of loss" or building glass breakage. This exclusion does not apply to:
      - (1) Glass that is part of a building or structure;
      - (2) Containers or showcases of property held for sale; or
      - (3) Photographic or scientific instrument lenses.
    - b. **Collapse**, except as provided below.
      - (1) We will pay for loss caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building caused by one or more of the following:
        - (a) The "specified causes of loss" or breakage of building glass, all only as insured against in this policy;
        - (b) Hidden decay;
        - (c) Hidden insect or vermin damage;
        - (d) Weight of people or personal property;
        - (e) Weight of rain that collects on a roof, patio, or terrace;
        - (f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.
      - (2) If the direct physical loss does not involve collapse of a building or any part of a building, we will pay for loss to Covered Property caused by the collapse of personal property only if:
        - (a) The personal property which collapses is inside a building insured under this policy; and
        - (b) The collapse was caused by a cause of loss listed in SECTION I. C. 2. b. (1) (b) through (1) (f) above.
      - (3) If loss by a Covered Cause of Loss results from collapse at the described premises, we will pay for that resulting loss.
      - (4) We will not pay for loss to the following type of property, if otherwise covered by this insurance, under SECTION I. C. 2. b. (1) (a) through (1) (f) above unless the loss is a direct result of the collapse of a building:
 

Awnings, gutters and downspouts; yard fixtures; outdoor swimming pools; fences, piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways and other paved surfaces.
      - (5) We will not pay for settling, cracking, shrinkage, bulging or expansion.
    - c. **Consequential Loss**, including delay, loss of use or loss of market.
    - d. **Disappearance of Property**, meaning loss that solely depends on any audit of



records or any inventory computation to prove its factual existence.

- e. Dishonesty.** Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (1) Whether acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees or leased workers, but does apply to "theft" by employees or leased workers. A leased worker is a person leased to you by a labor leasing company, under an agreement between you and that company, to perform duties related to the conduct of your business.

With respect to accounts receivable and "valuable papers and records," this exclusion does not apply to carriers for hire.

- f. Electrical Apparatus.** Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires, except as provided in the Equipment Breakdown Coverage Extension. But if artificially generated current results in fire, we will pay for the loss caused by that fire.

- g. Exposed Property.** Rain, snow, ice or sleet to personal property in the open.

- h. False Pretense.** Voluntary parting with possession of any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- i. Freezing.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment caused by or resulting from freezing, while the premises are "vacant" or unoccupied, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the water supply if the heat is not maintained.

This exclusion does not apply to loss from fire protection systems.

- j. Other Types of Loss.**

- (1) Wear and tear;
- (2) Rust, corrosion, fungus, hidden decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking, bulging or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Mechanical breakdown, except as provided in the Equipment Breakdown Coverage Extension; or
- (7) The following causes of loss to personal property:
  - (a) Dampness or dryness of atmosphere;
  - (b) Changes in or extremes of temperature; or
  - (c) Marring or scratching.

But if an excluded cause of loss that is listed in SECTION I. C. 2. j. (1) through j. (7) above results in a "specified cause of loss", "accident" or building glass breakage, we will pay for the loss caused by that "specified cause of loss", "accident" or building glass breakage.

**k. Smoke, Vapor, Gas.** Smoke, vapor or gas from agricultural smudging or industrial operations.

**l. Substance Seepage or Leakage.** Seepage or leakage of any substance that has manifested and is then continuous or repeated.

**3.** We will not pay for loss caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss." But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss," we will pay for the loss caused by that "specified cause of loss."

**4.** We will not pay for the loss caused by or resulting from any of the causes of loss listed in SECTION I. C. 4. a. through 4. c. below. But if an excluded cause of loss that is listed in SECTION I. C. 4. a. through 4. c. below results in a Covered Cause of Loss, we will pay for the loss caused by that Covered Cause of Loss. The following applies to all SECTION I - Coverages.

**a. Acts or Decisions.** Acts or decisions including the failure to act or decide, of any person, group, organization or governmental body.

**b. Negligent Work.** Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Designing, specification, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

**c. Weather Conditions.** But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in SECTION I. C. 1. a. through 1. f. to produce the loss.

## SECTION II - LIMITS OF INSURANCE

### A. The Most We Will Pay.

The most we will pay per loss is:

1. Any applicable Limits of Insurance shown in this Coverage Part.
2. The amounts stated in the Property Coverage Part to be in addition to the Limits of Insurance.
3. The applicable Limits of Insurance shown in the Property Coverage Part Declarations.

### B. Property Value Guard Automatic Increase.

The Limit of Insurance for Buildings and the Limit of Insurance for Business Personal Property will automatically increase each day by a pro-rated amount of the percentage shown in the Property Coverage Part Declarations.

The amount of increase will be:

1. The Building limit and the Business Personal Property limit that applied on the most recent of the policy inception date, the policy anniversary date, or the date of any other policy change amending the Building limit and Business Personal Property limit, times



2. The percentage of increase shown in the Property Coverage Part Declarations, expressed as a decimal (example: 4% is .04), times
3. The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Building limit and Business Personal Property limit, divided by 365.

Example:

If: The applicable Building or Business Personal Property limit is \$100,000 and the percentage increase is 4% and the number of days since the beginning of the policy year (or last policy change) is

146.

The amount of increase is

$$\$100,000 \times .04 \times 146 / 365 = \$1,600.$$

We will also automatically increase your Limits of Insurance for Building and Business Personal Property at the renewal or anniversary date of this insurance based on our annual Value Guard percentage increase in effect on that renewal or anniversary date.

### **C. Seasonal Automatic Increase In Business Personal Property Insurance.**

To provide for seasonal variations at any time, the Limit of Insurance for Business Personal Property will automatically increase by 25% or the percentage shown in the Property Coverage Part Declarations for Seasonal Automatic Increase in Business Personal Property, whichever is greater.

This increase will apply only if:

1. there is a specific limit per location for Business Personal Property or a blanket limit for Business Personal Property shown in the Property Coverage Part Declarations; and

2. the Limit of Insurance shown in the Property Coverage Part Declarations is at least 100% of your average monthly values for 12 months immediately preceding the date of loss, or in the event you have been in business for less than 12 months, such shorter period of time.

### **SECTION III - DEDUCTIBLE**

We will not pay for loss until the amount of loss exceeds the Deductible shown in the Property Coverage Part Declarations. We will then pay the amount of loss in excess of the Deductible up to the applicable Limit of Insurance.

No deductible applies to coverage for Accounts Receivable, "Business Income," Extended Business Income, "Extra Expense", Action By Civil Authority and "Expediting Expense", Counterfeit Currency and Money Orders, and Fire Department Service Charge.

### **SECTION IV - CONDITIONS**

#### **A. Loss Conditions.**

##### **1. Abandonment.**

There can be no abandonment of any property to us.

##### **2. Appraisal.**

If you and we disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either you or we may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we still retain the right to deny the claim.

### 3. Duties in the Event of Loss.

a. You must see that the following are done in the event of loss to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage from a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) Permit us to inspect the property, books and records proving the loss and make facsimiles or copies if necessary. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis.

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(8) Cooperate with us in the investigation or settlement of the claim.

(9) Resume all or part of your operations as quickly as possible. You must use all available means to eliminate unnecessary delay.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

### 4. Legal Action Against Us.

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within 2 years after the date on which the direct physical loss occurred.

### 5. Loss Payment.

In the event of loss covered by this policy:

a. At our option, we will either:

- (1) Pay the value of lost property, as described in paragraph e. below;
- (2) Pay the cost of repairing, replacing or restoring the lost property;
- (3) Take all or any part of the property at an agreed or appraised value; or

- (4) Repair, rebuild, replace or restore the property with other property of like kind and quality.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. Our payment for loss to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- e. We will determine the value of Covered Property as follows:
  - (1) At replacement cost (without deduction for depreciation), except as provided in Section IV. A. 5. e. (2) through (10) below.
    - (a) You may make claim for loss covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss.
    - (b) We will not pay on a replacement cost basis for any loss:
      - i. until the lost or damaged property is actually repaired or replaced; and
      - ii. unless the repairs or replacement are made as soon as reasonably possible after the loss.
  - (c) We will not pay more for loss on a replacement cost basis than the lesser of:
    - i. the cost to replace, on the same premises, the lost or damaged property with other property:
      - (i) of comparable material and quality; and
      - (ii) used for the same purpose; or
    - ii. the amount you actually spend that is necessary to repair or replace the lost or damaged property.
  - (d) Except as provided for under Increased Cost of Construction in the Additional Coverage Section, the cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
  - (2) The following property at actual cash value:
    - (a) Used or second hand merchandise held in storage or for sale or rental;
    - (b) "Contractors' materials" and "contractors' tools and equipment" that are property of others;
    - (c) Household contents, except personal property in apartments or rooms furnished by you as landlord.

Actual Cash Value will be determined based on the replacement cost of the property less depreciation.

days from the installation of improvements to the expiration of the lease.

- (3) If Actual Cash Value is indicated in the Property Coverage Part Declarations, we will determine the value of the property at actual cash value at the time of the loss. We will not pay more for loss than the lessor of:

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (a) The replacement cost less depreciation; or
- (b) The Limit of Insurance shown in the Property Coverage Part Declarations.

- (c) Nothing if others pay for repairs or replacement.

Even if Actual Cash Value is indicated in the Property Coverage Part Declarations, if you are a condominium unit-owner, fixtures, appliances, improvements and alterations making up part of your unit and owned by you will be valued on a replacement cost basis, and tenants' improvements and betterments will be valued as described in SECTION IV. A. 5. e. (4) below.

- (5) "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

- (6) Glass at the cost of replacement with safety glazing material if required by law.

- (7) "Money" at its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:

- (a) At its face value in the "money" issued by that country; or

- (4) Tenants' improvements and betterments at:

- (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss took place.

- (a) Replacement cost if you make repairs.

- (b) A portion of your original cost if you do not make repairs. We will determine the proportionate value as follows:

- i. multiply the original cost by the number of days from the loss to the expiration of the lease; and
- ii. divide the amount determined in SECTION IV. A. 5. e. (4) (b) i. above by the number of

- (8) "Securities" at their value as of the close of business of the most significant securities market in the United States of America in which they are traded or sold on the day the loss was discovered. We may, at our option:

- (a) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities";

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities."

(9) In the event of loss to any part of a pair or set or part, we may, at our option:

(a) Repair or replace any part to restore the pair or set to its value before the loss;

(b) Pay the difference between the value of the pair or set before and after the loss; or

(c) Pay the value of the lost or damaged part.

(10) Fine arts and antiques at their fair market value.

f. We may elect to defend you against suits arising from claims of owners of property but will not pay any damages. We will do this at our expense.

g. We will pay for covered loss within 30 days after we receive the sworn proof of loss, if:

(1) You have complied with all the terms of this policy; and

(2) (a) We have reached agreement with you on the amount of loss; or

(b) An appraisal award has been made.

#### **6. Recovered Property.**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expense to

repair the recovered property, subject to the Limits of Insurance.

#### **7. Rewards.**

After loss caused by or resulting from a Covered Cause of Loss which, in our opinion, is of sufficient dollar amount to warrant such action, we may advertise a reward. The reward would be advertised in your name, or your name and ours, and would be available for information which would lead to the arrest and conviction of the person(s) who caused the loss.

Whether or not a reward is offered and the amount of such reward will be solely at our discretion. This does not affect your Limits of Insurance in any way.

You may, at your option, add to the amount of the reward we offer, or offer a reward yourself if we decide not to. However, we will not reimburse you for such reward or any related expenses.

#### **8. Vacancy.**

If the building or condominium unit where loss takes place has been "vacant" for more than 60 consecutive days before the loss, we will:

a. Reduce the amount we would otherwise pay for the loss or damage by 25%; and

b. Not pay for any loss caused by:

(1) Vandalism;

(2) Burst pipes or sprinkler leakage, unless you have protected the system against freezing;

(3) Building glass breakage and resultant weather damage; or

(4) "Theft" or attempted "theft."

#### **B. General Conditions.**

##### **1. Concealment, Misrepresentation or Fraud.**



This Coverage Part is void in any case of fraud by you at any time as it relates to this Coverage Part. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Part;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this Coverage Part.

## 2. Control of Property.

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss, the breach of condition does not exist.

## 3. Mortgage Holders.

- a. A mortgage holder includes trustee.
- b. We will pay for covered loss to buildings, condominium units or structures to each mortgage holder shown in the Property Coverage Part Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
  - (1) At our request, pays any premium due under this Coverage Part and the

Liability Coverage Part if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this Coverage Part will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgage holder's right under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgage holder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgage holder



at least 10 days before the expiration date of this policy.

**4. No Benefit to Bailee.**

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

**5. Other Insurance.**

If there is other insurance covering the same loss, we will pay only for the amount of covered loss in excess of the amount due from that other insurance, whether you can collect it or not. But we will not pay more than the applicable Limit of Insurance.

**6. Policy Period, Coverage Territory.**

Under this Coverage Part:

- a. We cover loss commencing:
  - (1) During the policy period shown in the Declarations; and
  - (2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.
- b. The coverage territory is the United States of America (including its territories and possessions), Puerto Rico and Canada.

**7. Transfer of Rights of Recovery Against Others to Us.**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.

- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

- (1) Someone insured by this insurance;
- (2) A business firm:
  - (a) Owned and controlled by you; or
  - (b) That owns or controls you;
- (3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

**8. Suspension**

When any "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment". We can do this by mailing or delivering a written notice of suspension to your address as shown in the Declarations, or at the address where the equipment is located. Once suspended in this way, your insurance can be reinstated only by written notice from us. If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

**SECTION V - DEFINITIONS**

- 1. "Accident" means:
  - (a) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - (b) Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires;
  - (c) Explosion of steams boilers, steam pipes, steam engines or steam turbines owned or

leased by you, or operated under your control;

- (d) Any unforeseen condition or event inside steam boilers, steam pipes, steam engines or steam turbines that causes direct physical loss to such steam boilers, steam pipes, steam engines or steam turbines;
  - (e) Any unforeseen condition or event inside hot water boilers or other water heating equipment that causes direct physical loss to such hot water boilers or other water heating equipment.
2. "Business income" means:
- a. Net income (net profit or loss before income taxes) that would have been earned or incurred if no physical loss occurred; and
  - b. Continuing normal operating expenses incurred, including payroll.
3. "Contractors' materials" means materials and supplies:
- a. that you own or are legally responsible for; and
  - b. that will be installed or have been installed, but not abandoned, at the project or installation you are working on in your capacity as a contractor.
4. "Contractors' tools and equipment" means the following types of property used in the course of construction of new buildings or structures, installation of new machinery or equipment, or for additions, renovation, repair, improvement, cleaning or alteration of any existing buildings, structures, machinery or equipment, including landscape gardening:
- a. Machinery, tools and equipment usual to your contracting business, including accessories and spare parts;
  - b. Leased, hired, or borrowed machinery, tools and equipment.
5. "Covered equipment" means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy. None of the following is "covered equipment":
- (a) Structure, foundation, cabinet, compartment or air supported structure or building;
  - (b) Insulating or refractory material;
  - (c) Sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
  - (d) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
  - (e) Vehicle, dragline, excavation or construction equipment;
  - (f) Equipment manufactured by you for sale, lease or rent; or
  - (g) "Electronic data processing systems".
6. "Electronic Data Processing Systems" means:
- a. One or more computer hardware components capable of accepting information and processing that information or converted material according to a plan or program;
  - b. Electronic data processing, recording or storage media such as films, tapes, discs, drums, or cells;
  - c. Data stored on such media; or
  - d. Programming records used for electronic data processing or electronically controlled equipment;

but "Electronic data processing systems" does not include:

- a. "Valuable records which exist on electronic or magnetic media"; or
  - b. One or more computer hardware components capable of accepting information and processing that information or converted material according to a plan or program which are used to control the operation of any mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power.
7. "Expediting expenses" are reasonable extra costs for temporary repairs of and for expediting the repairs or replacement of Covered Property damaged by a Covered Cause of Loss. "Expediting expenses" include, but are not limited to, overtime wages and the extra cost of express or other rapid means of transportation. "Expediting expenses" do not include the costs incurred for the temporary rental of property, temporary replacement of damaged property, or expenses recoverable elsewhere in this Coverage Part.
8. "Extra expense" means expense incurred:
- a. To avoid or minimize the suspension of business and to continue "operations":
    - (1) At the described premises; or
    - (2) At replacement premises or at temporary locations, including:
      - (a) Relocation expenses; and
      - (b) Costs to equip and operate the replacement or temporary locations.
  - b. To minimize the suspension of business if you cannot continue "operations"; and
- c. (1) To repair or replace any Covered Property; or
  - (2) To research, replace or restore the lost information on damaged "valuable papers or records" or "valuable records which exist on electronic or magnetic media";
- to the extent it reduces the amount of loss that otherwise would have been payable under SECTION I. A. 4. b.
9. "Media" means all forms of electronic, magnetic and optical tapes and discs for use in any "electronic data processing system".
10. "Money" means:
- a. Currency, coins, and bank notes in current use and having a face value; and
  - b. Travelers checks, register checks, and money orders held for sale to the public.
11. "Operations" means your business activities occurring at the described premises.
12. "Period of restoration" means the period of time that:
- a. Begins immediately after the time of direct physical loss for "Business Income" and "Extra Expense" Coverage caused by or resulting from any Covered Cause of Loss at the described premises; and
  - b. Ends on the earlier of:
    - (1) The date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
    - (2) The date when business is resumed at a new permanent location.
- "Period of restoration" includes any increased period required to repair or reconstruct the property to comply with the minimum standards

of any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property.

The expiration date of this policy will not cut short the "period of restoration."

**13.** "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

**14.** "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**15.** "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a.** Tokens, tickets, revenue and other stamps, whether represented by actual stamps or unused value in a meter, in current use; and
- b.** Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money."

**16.** "Specified causes of loss" means the following: Fire, lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; "volcanic action"; falling objects; weight of snow, ice or sleet; water damage.

- a.** Sinkhole collapse means loss caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations. Sinkhole collapse does not include the cost of filling sinkholes or sinking or collapse of land into man-made underground cavities.

**b.** Falling objects does not include loss to:

- (1)** Personal property in the open; or
- (2)** The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

**c.** Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

**17.** "Stock" means:

- a.** Merchandise held in storage, for sale, or sold by you but not delivered;
- b.** Raw materials; and
- c.** In-process or finished goods;

including supplies used in packing or shipping any of these.

**18.** "Theft" means stealing or any unlawful taking of property.

**19.** "Vacant" means:

- a.** When this policy is issued to a tenant, the building is vacant when it does not contain enough business personal property to conduct customary operations. When you are a tenant, building means the unit or suite being rented or leased by the tenant.
- b.** When this policy is issued to the owner of the building, the building is vacant when 70% or more of its total square footage is not rented or is not used to conduct customary operations. When you are a building owner, building means the entire building.

Buildings under construction or renovation are not considered vacant.

**20. "Valuable papers and records" means inscribed, printed or written;**

- a. Documents;
- b. Manuscripts; and
- c. Records;

including abstracts, books, deeds, drawings, tracings, blueprints, specifications, films, maps or mortgages for which usable duplicates do not exist. But "valuable papers and records" does not mean:

- a. "Money";
- b. "Securities";
- c. Data stored on electronic data processing, recording, or storage media such as films, tapes, discs, drums, or cells;
- d. Prepackaged or custom software programs; or
- e. Property held as samples, for sale, or for delivery after sale.

**21. "Valuable records which exist on electronic or magnetic media" means the following types of property for which usable duplicates do not exist:**

- a. Documents;
- b. Manuscripts; and
- c. Records;

including abstracts, books, deeds, drawings, tracings, blueprints, specifications, films, maps or mortgages;

- a. which were developed as electronic data; or

- b. which have been converted to electronic data processing, recording, or storage media such as films, tapes, discs, drums, or cells.

**22. "Viruses" means any piece of computer code (such as file infectors, cluster infectors, system infectors, macro viruses, Trojan horses, logic bombs, network worms and data diddlers)**

- a. which is not part of:

(1) the original program or computer code;

(2) any updates, modifications, enhancements or customization of the original program or code; or

(3) any purchased add-ins, patches, plug-ins, or other software designed to work with or enhance the original program or computer code or any subsequent updates, modifications or enhancements of that program or code; or

- b. which is a part such program, code or software but which was deliberately and maliciously added to, included in, or embedded in it

or that is introduced into or loaded into the memory or storage of any "electronic data processing system" or "computer component, equipment, program or system" and which destroys, alters, contaminates or degrades the integrity, quality or performance of any "electronic data processing system" or "computer component, equipment, program or system".

"Viruses" does not include any inherent defect, flaw or condition in:

- a. the original program or computer code;

- b. any updates, modifications, enhancements or customization of the original program or code; or
- c. any purchased add-ins, patches, plug-ins, or other software designed to work with or enhance the original program or computer code or any subsequent updates, modifications or enhancements of that program or code

that directly or indirectly causes a failure, malfunction, or inadequacy of any "electronic data processing system" or "computer component, equipment, program or system" due to the inability to correctly recognize, process, distinguish, interpret or accept data or instructions, including one or more dates or times.

"Computer component, equipment, program or system" means any

- a. Computer application software;

- b. Computer hardware, including any microprocessor or computer chip that is part of a computer system;
- c. Computer network;
- d. Computer operating system and related software;
- e. Microprocessor or computer chip that is not part of a computer system, including any embedded chip; or
- f. Other computerized or electronic component or equipment.

23. "Volcanic action" means direct loss resulting from the eruption of a volcano when the loss is caused by:

- a. Airborne volcanic blast or airborne shock waves;
- b. Ash, dust or particulate matter; or
- c. Lava flow.

All volcanic eruptions that take place within any consecutive 168-hour period will constitute a single "volcanic action."

"Volcanic action" does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss to Covered Property.



Policy Number: BK01116165

## Business Income And Extra Expense Dependent Properties

### ADDITIONAL COVERAGE

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#### THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

#### PROPERTY COVERAGE PART.

#### Schedule

Your Premises Number	Limit of Insurance	Name and Address of Any Leader Location
0001	\$ 50,000	

1. The following is added to SECTION I. A. 4. b. "Business Income" and "Extra Expense", Action By Civil Authority and "Expediting Expense":
  - a. We will pay for the actual loss of "business income" you sustain or "extra expense" you incur due to the necessary suspension of your "operations" during the "period of restoration for dependent property." The suspension must be caused by direct physical loss to "dependent property" caused by or resulting from any Covered Cause of Loss. The name and address of any Leader Locations must be shown in the schedule for this additional coverage to apply to the Leader Locations.
  - b. The Business Income and Extra Expense provisions respecting direct physical loss or damage to Covered Property apply separately to each premises designated in the Schedule.
  - c. We will reduce the amount of your "business income" loss, other than "extra expense," to the extent you can resume "operations," in whole or in part, by using any other available:
    - (1) Source of materials; or
    - (2) Outlet for your products.
2. The following applies to the insurance provided by this endorsement:

The most we will pay for all loss of "business income" and "extra expense" resulting from any Covered Cause of Loss is the Limit of Insurance shown in the Schedule.
3. The following are added to SECTION V - DEFINITIONS:
  - a. "Dependent property" means property operated by others whom you depend on to:

- (1) Deliver materials or services to you, or to others for your account (Contributing Locations);
- (2) Accept your products or services (Recipient Locations);
- (3) Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
- (4) Attract customers to your business (Leader Locations).

With respect to Contributing Locations, services does not mean water, communication or power supply services.

- b. "Period of restoration for dependent property" means the period of time that:

- (1) Begins with the date of direct physical loss caused by or resulting from any Covered Cause of Loss at the premises of the "dependent property"; and

- (2) Ends on the date when the property at the premises of the "dependent property" should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration for dependent property" does not include any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of pollutants.

Policy Number: BK01116165

## Business Income And Extra Expense Dependent Properties

### ADDITIONAL COVERAGE

---

#### THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

#### PROPERTY COVERAGE PART.

#### Schedule

Your Premises Number	Limit of Insurance	Name and Address of Any Leader Location
0002	\$ 50,000	

1. The following is added to SECTION I. A. 4. b. "Business Income" and "Extra Expense", Action By Civil Authority and "Expediting Expense":
  - a. We will pay for the actual loss of "business income" you sustain or "extra expense" you incur due to the necessary suspension of your "operations" during the "period of restoration for dependent property." The suspension must be caused by direct physical loss to "dependent property" caused by or resulting from any Covered Cause of Loss. The name and address of any Leader Locations must be shown in the schedule for this additional coverage to apply to the Leader Locations.
  - b. The Business Income and Extra Expense provisions respecting direct physical loss or damage to Covered Property apply separately to each premises designated in the Schedule.
  - c. We will reduce the amount of your "business income" loss, other than "extra expense," to the extent you can resume "operations," in whole or in part, by using any other available:
    - (1) Source of materials; or
    - (2) Outlet for your products.
2. The following applies to the insurance provided by this endorsement:

The most we will pay for all loss of "business income" and "extra expense" resulting from any Covered Cause of Loss is the Limit of Insurance shown in the Schedule.
3. The following are added to SECTION V - DEFINITIONS:
  - a. "Dependent property" means property operated by others whom you depend on to:

- (1) Deliver materials or services to you, or to others for your account (Contributing Locations);
- (2) Accept your products or services (Recipient Locations);
- (3) Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
- (4) Attract customers to your business (Leader Locations).

With respect to Contributing Locations, services does not mean water, communication or power supply services.

- b. "Period of restoration for dependent property" means the period of time that:

- (1) Begins with the date of direct physical loss caused by or resulting from any Covered Cause of Loss at the premises of the "dependent property"; and

- (2) Ends on the date when the property at the premises of the "dependent property" should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration for dependent property" does not include any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of pollutants.